

STATE OF MICHIGAN

BEFORE THE MICHIGAN JUDICIAL TENURE COMMISSION

COMPLAINT AGAINST:

HON. WILLIAM RUNCO
Judge, 19th District Court
Dearborn, Michigan

FORMAL COMPLAINT NO. 61

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COMPLAINT

The Judicial Tenure Commission of the State of Michigan ("Commission") files this Complaint against the Hon. William Runco ("Respondent"), a 19th District Court Judge in the City of Dearborn, Wayne County, Michigan. The Commission charges professional misconduct constituting a violation of the standards of conduct for attorneys under MCR 9.103(A) of the Michigan Court Rules of 1985. This action is taken pursuant to the authority of the Commission under Article VI, Section 30 of the Michigan Constitution of 1963, as amended, and MCR 9.200 *et seq.* The filing of this Complaint has been authorized and directed by resolution of the Commission.

Respondent's acts of professional misconduct are set forth in the following paragraphs:

1) Respondent is now a judge of the 19th District Court in Dearborn, Michigan, but at all relevant times mentioned was an attorney engaged in the practice of law in the State of Michigan.

2) In 1986, Gerald and Ilene K. Trifan (husband and wife), former clients of Respondent, owned seven commercial lots, previously the site of a bowling alley, in Melvindale, Michigan, which they wanted to sell.

3) In November, 1986, the Trifans received an offer to purchase all seven lots from Little Caesar Enterprises, Inc., which they subsequently brought to Respondent. The Trifans requested Respondent's assistance. Respondent agreed to review the offer on their behalf and provide the Trifans with legal advice.

4) Unbeknownst to the Trifans, Respondent had previously handled legal work for another client, Raymond Trudeau, a Dearborn businessman, who had developed property in Lincoln Park, Michigan, into Meineke Muffler and 10-Minute Oil Change Shops.

5) Unbeknownst to the Trifans, after their meeting with Respondent, Respondent advised Mr. Trudeau that he would like to be part of a similar development project and that he had clients with commercial property for sale in Melvindale, Michigan that might be suitable for such development.

6) Unbeknownst to the Trifans, Respondent also advised Mr. Trudeau that, if the property was suitable for development and Trudeau was interested, Respondent would be his partner.

7) Unbeknownst to the Trifans, Respondent further advised Mr. Trudeau of the terms of the offer the Trifans had received from Little Caesar Enterprises, Inc., including the proposed purchase price of \$49,500. After deducting a 7% commission to State Wide Flood Real Estate Inc., the Trifans would have realized \$46,035 had the offer from Little Caesar Enterprises, Inc. been accepted and the transaction closed.

8) Raymond Trudeau examined the property, determined that it was feasible for development and a good opportunity, and so advised Respondent.

9) Unbeknownst to the Trifans, Respondent told Mr. Trudeau that he wanted a 50% ownership interest in the lots without any investment whatsoever; that Respondent's "ownership" must be kept strictly confidential; and that Respondent's share of the profit would constitute a "finders" fee.

10) Respondent specifically advised Raymond Trudeau that Trudeau was not to disclose Respondent's involvement to anyone because it was a "conflict."

11) At no time did Respondent suggest or recommend to his clients, Gerald and Ilene Trifan, that they obtain a professional appraisal of the property,

12) At no time did Respondent advise his clients, Gerald and Ilene Trifan, that the property may have been worth more than \$46,000.

13) Respondent never informed the Trifans that he had provided Mr. Trudeau with the information concerning the offer to purchase from Little Caesar Enterprises, Inc. or of his own financial interest in the transaction.

14) At no time did Respondent seek or obtain the consent of his clients, Gerald and Ilene Trifan, the sellers, to contemporaneously represent the eventual purchaser, V.I. Properties, by Raymond Trudeau, or to acquire a financial interest in the transaction.

15) At no time did Respondent suggest or recommend to his clients, Gerald and Ilene Trifan, that they obtain independent legal counsel concerning the transaction.

16) On February 5, 1987, Mr. Trudeau, through his business, V.I. Properties, offered to purchase the lots from the Trifans for \$46,000 and the offer was accepted.

17) On March 31, 1987, Mr. Trudeau, through his business, VI Properties, purchased the lots from the Trifans for \$46,000. The closing statement was prepared by Respondent.

18) On several occasions Respondent stressed to Mr. Trudeau the importance of it not becoming known that he had an interest in the transaction or the property, and that his name not appear on anything that would disclose his interest.

19) Before the property was developed by Trudeau, another company, Detroit Properties Limited Partnership, made an offer to purchase part of the property (four lots) at a substantial profit and the offer was accepted.

20) On January 15, 1988, four of the lots were resold for \$133,000 to Detroit Properties Limited Partnership and Respondent received his 50% share of the profit.

21) On March 28, 1988, the remaining three lots were resold and Respondent received his 50% share of the profit.

22) Respondent's conduct, as described in paragraphs 1 through 21, constitutes:

- a) Conduct clearly prejudicial to the administration of justice, as defined by the Michigan Constitution of 1963, Article VI, § 30, as amended, and MCR 9.205;
- b) Misconduct within the meaning of MCR 9.104 (1 - 4), in that such conduct constitutes:

- (1) conduct prejudicial to the proper administration of justice;
- (2) conduct that exposes the legal profession or the courts to obloquy, contempt, censure or reproach;
- (3) conduct that is contrary to justice, ethics, honesty, or good morals; and
- (4) conduct that violates the standards or rules of professional responsibility adopted by the Supreme Court.

c) Conduct contrary to former DR 1-102(A)(1), (4), (5), and (6) of the Code of Professional Responsibility, in that he:

- (1) violated disciplinary rules;
- (2) engaged in conduct involving dishonesty, fraud, deceit or misrepresentation;
- (3) engaged in conduct prejudicial to the administration of justice; and
- (4) engaged in other conduct that adversely reflected on his fitness to practice law.

d) Conduct contrary to former DR 5-101(A), in that he accepted employment, without full disclosure and obtaining his clients' consent, in a matter in which his own financial, business, property or personal interest may have impaired his independent professional judgment;

e) Conduct contrary to former DR 5-104(A), which prohibited a lawyer from entering into a business transaction with a client if they have different interests therein and if the client expects the lawyer to exercise his professional judgment therein for the

protection of the client, unless the client has consented after full disclosure;

- f) Conduct contrary to former DR 5-105(A), (B), and (C), which required a lawyer to refuse to accept or to continue employment if the interests of another client may impair the independent professional judgment of the lawyer, unless it is obvious that he can adequately represent the interest of each and if each consents to the representation after full disclosure of the possible effect of such representation on the exercise of his independent professional judgment on behalf of each;
- g) Conduct contrary to former DR 7-102 (A)(8), in that Respondent knowingly engaged in conduct contrary to a Disciplinary Rule; and
- h) Prohibited conduct contrary to the Rules of Professional Conduct, 1.8(a) and (b), in that Respondent:
 - (1) represented another client whose interests were or may have been adverse to his clients;
 - (2) entered into a business transaction involving the acquisition of his clients' property without his clients' knowledge;
 - (3) failed to disclose all information to his clients which would have been necessary for them to reasonably understand the transaction and its terms;
 - (4) failed to give his clients reasonable opportunity to seek the advice of independent counsel; and
 - (5) failed to obtain his clients' written consent.

Pursuant to MCR 9.209, the Respondent is advised that a verified Answer to the foregoing Complaint, consisting of an original and nine (9) copies, must be filed with the Commission **within fourteen (14) days** after service upon Respondent of the Complaint. Such Answer shall be in form similar to an answer in a civil action in the circuit court and must contain a full and fair disclosure of all the facts and circumstances pertaining to Respondent's alleged misconduct. The willful concealment, misrepresentation, or failure to file such Answer and disclosure shall be additional grounds for disciplinary action under the Complaint.

STATE OF MICHIGAN
JUDICIAL TENURE COMMISSION

By: _____
Allan D. Sobel, Examiner (P40872)
211 W. Fort Street, Suite 1410
Detroit, Michigan 48226-3200

Dated: November 23 , 1998